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TO: Acting Deputy Director (Administration)
FROM: [REDACTED] Special Assistant to the Deputy
Director (Administration)
SUBJECT: _____

I. Problem:

a. What are the major causes of complaints about Agency financial policies governing personnel or claims seeking special monetary grants?

b. By what methods can these causes be eliminated or minimized?

II. Assumption:

a. That for every claim or complaint formally presented there are many others which are never submitted or are satisfied or rejected at lower levels.

b. That CIA recognizes the need for establishing special personnel policies for persons engaged in clandestine duties or performing duties under non-governmental cover and is willing to use its extraordinary authorities to provide personnel policies and procedures which will foster a career service and protect the cover security of the individual.

c. That CIA accepts the basic government philosophy of granting allowances to personnel overseas so that they can maintain a standard of living equivalent to that which they would maintain in the United States adjusted to local social customs without diminution of savings or dependency upon supplementary income.

d. That CIA accepts the basic government philosophy that it is necessary and reasonable to pay a bonus or salary differential to persons accepting assignments at overseas posts having undesirable climatic and social conditions or involving substantial physical hazards.

e. That individuals should neither be required or expected to incur out-of-pocket expenses in the performance of their CIA duties.

III. Discussion:

a. The writer's personal exposure to and investigation of administrative errors and claims has convinced him that there are basic weaknesses and deficiencies in Agency policies, procedures, and functional staffing. Only a thorough analysis of individual claims and complaints reveals the true causes and only correction of these causes will eliminate

(1) Complete ignorance of the government (and CIA) system of establishing, administering quarters, cost of living, separation and post differential allowances. There is lack of realization of the fact that government allowances are completely infeasible in so far as the individual and his particular circumstances are concerned. They are designed for general conditions of the mass of government employees and are adjusted both upward and downward at relatively lengthy intervals.

(2) In several areas of the world, the government has provided housing, schooling, recreational and general support facilities which are so economically beneficial that government employees "never had it so good". They not only can maintain a standard of living permitted only to the wealthy in the United States but are able to save a substantial portion of their salaries. When CIA sends personnel to such areas under non-governmental cover, an odious comparison is unavoidably created in the minds of these persons which is often evidenced by petitions for supplementary grants or allowances. To the extent that these persons are incurring increased living expenses and hardships, because their assignment requires them to live within and upon the local economy, which are not being compensated for by allowances or salary differentials, the complaints are perfectly valid. To the extent these people demand supplementary monetary benefits which would equalize their monetary benefits to the unwarranted but circumstantially preferential position of official government employees, the only justification is one of comparative morale.

(3) A substantial volume of problems arise from excessive zeal or faulty philosophy in recruiting personnel. There is no question but that major emphasis in recruiting is placed upon monetary benefits which allegedly would accrue to the individuals accepting CIA employment. The writer has seen literally hundreds of cases where potential recruits were offered salaries by recruiters which later proved to be far greater than reviewing officials deemed warranted. To avoid difficulties such as this, recruiters have increasingly misrepresented the allowances granted by government as being fixed in amount and as being dollars in the pocket. Thus persons who give up an \$8,000.00 per year job in the United States to accept an \$8,000.00 per year job with CIA plus \$4,000.00 in allowances frequently believe they are substantially increasing their income. When their full expectations are not realized, they often claim injustice and misrepresentation.

(4) A substantial number of claims are directly attributable to deliberate or ignorant misrepresentations of government or Agency administrative policies. Persons are often led to believe that travel expenses will be reimbursed on an 100% out-of-pocket basis. They are often told that all living expenses abroad will be paid by the Agency. The willfulness of many of these misrepresentations is evidenced by the fact that I have often been told by persons

protesting the interpretation and application of the terms of contracts which they had personally read and signed, that they had been told, "Contracts are a mere formality and don't mean a thing. You will actually receive what we have promised you." Eventually these cases always flap or the individual is paid off by some administrative trick—in some cases, bordering on fraud.

(5) Perhaps the largest and most legitimate number of complaints and claims stem from situations which develop for which there is no remedy within the regulations and policies of the Agency. There is no Agency policy for reimbursing personnel for a vast area of out-of-pocket expenses necessarily incurred in carrying out Agency orders. In this group are the dozens of individuals who have prepared themselves at considerable expense to go overseas only to have departure dates extended again and again or completely cancelled. The avowed policy of the Agency is to disallow any such claims on the theory that such misfortunes could happen to any government employee. Actually, many of these claims have been paid with or without subterfuge depending upon the effectiveness of the appeal, threats of the claimant, or the influence of intra-Agency pleaders. Also in this category are claims for reimbursement of expenses which by statute are personal to the individual. Despite this fact and in recognition of deficiencies in government policy in certain areas, many such claims are paid by administrative subterfuge where circumstances permit. Invariably when the "record" prohibits such handling a formal claim is made for equivalent reimbursement in accordance with the apparent policy of the Agency. These cases generally involve the travel of employees or dependents in connection with death, illness, or other emergency conditions.

(6) Another major cause for claims stems from the ambiguity or inadequacy of Agency regulations. Agency regulations concerning the monetary rights and benefits which can be paid to military personnel and employees of other government agencies have been ambiguous for many years. There have been unintentional discrepancies in interpretation and application between even the Offices of the General Counsel, the Finance Division and the Special Contracting Officer. Under such circumstances, confusion on the part of individuals affected and persons briefing them is to be expected. The writer has tried for years to remedy some of these situations. Failure to correct the situation is believed to stem from the philosophy that an ambiguous regulation is more flexible in its application and that an adequate, realistic yet flexible regulation cannot be written. A major instance of the inadequacy of Agency regulations is in the area of personal loans to Agency personnel. Technically, government funds cannot be loaned to individuals unless authorized by statute. Yet

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CIA has often found it reasonable and operationally essential to loan funds to individuals. Because of the lack of policy and criteria for this practice, it has often been easier to process and justify a special claim or outright grant. The relative legality and propriety of the two methods of solving a problem is an interesting study in sophistry.

IV. Summary:

a. In summary, it is my experience and belief that the incidence of claims and complaints formally presented is insignificant in comparison to those actually arising. A substantial portion never receive official cognizance, and a substantial number are settled by devious administrative manipulations. Only a small balance are believed to be formally submitted as claims.

b. The causes for such claims and complaints are summarized as follows and in order of their significance:

(1) Inadequacy of Agency policies and procedures both in substance, in expression, and in distribution.

(2) Faulty briefing by administrative and operational personnel. Such briefing is caused by ignorance, misconception, or, in some cases, willfulness in an effort to strengthen recruitment inducements.

(3) General failure to establish fool-proof briefing machinery for each of the several different categories of Agency personnel which would detect and correct misunderstandings before they take the form of complaints and claims.

V. Corrective Action:

a. Corrective action has been or is being initiated in several aspects. The writer has fostered a new concept of Agency "special allowances", and the creation of an allowance unit to furnish the essential data and determine the amounts warranted. The proposed allowance concept establishes a sound principle for the granting of "equalization" allowances as between official cover personnel and unofficial cover personnel. It provides a separate basis for the determination of such rare special allowances as may be warranted by extraordinary cover assignments requiring the maintenance of a standard of living which is above that inherent in the individual's basic salary or grade.

Another regulation has been drafted which is designed to clarify once and for all the rights, privileges and benefits of military personnel.

Lastly, the draft regulation proposes the establishment of a focal point for the economic determinations of the proper amount of special allowances, for centralizing the point of authorization of the various allowances, and for the continuing review and adjustment of allowances as

warranted. The mere establishment and recognition of such a focal point will eliminate all doubts on the part of Agency personnel as to their authority to make unilateral, verbal promises and commitments. It also permits detection of either uninformed or misguided individuals making such commitments.

b. A second course of action is to establish at each of several focal points where the separate categories of personnel engaged by the Agency are processed, an adequate briefing procedure. Depending upon whether or not there is mass, individual, or remote contact with the persons being processed, they can be briefed by lectures, discussion or through written material. This briefing is relatively simple in the case of employees who are going overseas under official government cover. Personnel whose status is ambiguous, [REDACTED] staff agents and contract agents are faced with innumerable problems not common to government. Briefing matter must be carefully and realistically prepared.

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Unfortunately, to my knowledge, Agency policies are completely undetermined in many covert areas. Consequently, adequate briefing material cannot be furnished. To illustrate some of the shaky areas a few problems are posed below:

(1) What is Agency policy and procedure for reimbursement for foreign government income taxes on Agency personnel under unofficial cover? Import duties on household effects, automobiles, etc?

(2) How does the Agency, if it does, compensate an unofficial cover employee for increased costs of living incurred because he is not eligible for facilities provided government employees in the same area? Commissaries? Exemption from import duties? Schooling for children? Medical facilities? Emergency leave transportation without cost to the United States? Housing at government expense?

c. How do Agency personnel assemble or borrow funds to prepare themselves for a long-term overseas assignment if security reasons preclude the use of commercial loan facilities because they cannot reveal that they are substantial employees of the government?

d. Similarly, how do Agency personnel get emergency funds for extraordinary travel and medical care of ailing dependents in view of the vagaries of their employment and CIA's lack of welfare or loan policies?

VI. Conclusion:

a. Claims and complaints are synonymous. They are symptoms of policy or procedural deficiencies. They may indicate a lack of legisla-

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tive authority or a failure to provide necessary facilities. They are also due to faulty briefing which may be due to lack of briefing machinery, faulty indoctrination of personnel engaged in briefing activities. In a comparatively few number of cases, they stem from willfully faulty briefing or unauthorized commitments caused by overzealous recruitment tactics or a belief that operational considerations justify willful misrepresentation.

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